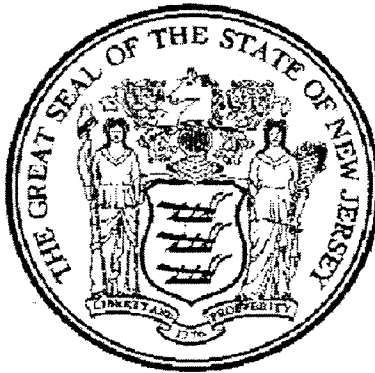


# QUARTERLY REPORT

LICENSEE RESORTS INTERNATIONAL HOTEL, INC.

FOR THE QUARTER ENDED SEPTEMBER 30, 2001

TO THE  
CASINO CONTROL COMMISSION  
OF THE  
STATE OF NEW JERSEY



**BALANCE SHEETS**

AS OF SEPTEMBER 30, 2001 AND 2000

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2001 (c)	2001 (c)
	<b>ASSETS</b>		
	Current Assets:		
1	Cash and Cash Equivalents.....	\$ 19,334	\$ 20,728 *
2	Marketable securities (Short Tm. money market at cost).....	-	-
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2001, \$4,196; 2000,\$2,902)..... NOTE 3.....	7,656	9,787
4	Inventories.....	1,523	2,065
5	Prepaid Expenses and Other Current Assets..... NOTE 4.....	4,128	2,614
6	Total Current Assets.....	32,641	35,194
7	Investments, Advances, and Receivables..... NOTE 2 & 5.....	20,092	18,255
8	Property and Equipment - Gross..... NOTE 2 & 6.....	122,513	294,031
9	Less: Accumulated Depreciation and Amortization.....	(2,701)	(37,552)
10	Property & Equipment - Net.....	119,812	256,479
11	Other Assets..... NOTE 7.....	7,344	100,910
12	<b>Total Assets.....</b>	<b>\$ 179,889</b>	<b>\$ 410,838</b>
	<b>LIABILITIES AND EQUITY</b>		
	Current Liabilities:		
13	Accounts Payable.....	\$ 5,573	\$ 3,492
14	Notes Payable.....	-	-
	Current Portion of Long-Term Debt:		
15	Due to Affiliates..... NOTE 10.....	5,817	-
16	Other.....	746	928
17	Income Taxes Payable and Accrued.....	3,743	-
18	Other Accrued Expenses..... NOTE 8.....	19,834	16,837
19	Other Current Liabilities..... NOTE 9.....	4,068	12,147
20	Total Current Liabilities.....	39,781	33,404
	Long-Term Debt:		
21	Due to Affiliates..... NOTE 10.....	88,150	199,317
22	Other.....	1,531	79,000
23	Deferred Credits.....	-	35,457
24	Other Liabilities.....	346	-
25	Commitments and Contingencies..... NOTE 13.....	-	-
26	<b>Total Liabilities.....</b>	<b>129,808</b>	<b>347,178</b>
27	<b>Stockholders', Partners', or Proprietor's Equity.....</b>	<b>50,081</b>	<b>63,660</b>
28	<b>Total Liabilities and Stockholders' Equity.....</b>	<b>\$ 179,889</b>	<b>\$ 410,838</b>

\*Lines have been restated to conform with current year presentation

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

# STATEMENTS OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2001 AND 2000

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE. (a)	DESCRIPTION (b)	2001 (c)	2000 (d)
	<b>Revenue:</b>		
1	Casino.....	\$ 173,441	\$ 174,096 *
2	Rooms.....	10,759	12,835
3	Food and Beverage.....	18,841	20,090
4	Other.....	4,279	3,576
5	Total Revenue.....	207,320	210,597
6	Less: Promotional Allowances.....	21,093	20,916
7	Net Revenue.....	186,227	189,681
	<b>Costs and Expenses:</b>		
8	Cost of Goods and Services.....	111,654	116,819 *
9	Selling, General, and Administrative.....	46,737	50,116 *
10	Provision for Doubtful Accounts.....	505	1,007
11	Total Costs and Expenses.....	158,896	167,942
12	<b>Gross Operating Profit.....</b>	27,331	21,739
13	Depreciation and Amortization.....	8,324	12,798
	Charges from Affiliates Other than Interest:		
14	Management Fees..... NOTE 11.....	-	6,573
15	Other.....	-	281
16	<b>Income (Loss) from Operations.....</b>	19,007	2,087
	<b>Other Income (Expenses):</b>		
17	Interest (Expense) - Affiliates..... NOTE 11.....	(9,629)	(13,556)
18	Interest (Expense) - External.....	(1,777)	(4,452)
19	Investment Alternative Tax and Related Expense, Net of Amortization of \$14 and \$13 Respectively.....	(737)	(738)
20	Nonoperating Income (Expense) - net..... NOTE 12.....	768	418
21	Total Other Income (Expenses).....	(11,375)	(18,328)
22	<b>Income (Loss) Before Income Taxes and Extraordinary Items.....</b>	7,632	(16,241)
23	Provision (Credit) for Income Taxes.....	4,943	-
24	<b>Income (Loss) Before Extraordinary Items.....</b>	2,689	(16,241)
25	Extraordinary Items.....	-	-
26	<b>Net Income (Loss).....</b>	\$ 2,689	\$ (16,241)

\*Lines have been restated to conform with current year presentation

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

CCC-210

# STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2001 AND 2000

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2001 (c)	2000 (d)
	<b>Revenue:</b>		
1	Casino.....	\$ 63,887	\$ 65,340 *
2	Rooms.....	4,103	4,720
3	Food and beverage.....	7,081	7,192
4	Other.....	1,447	1,390
5	Total revenue.....	76,518	78,642
6	Less: Promotional Allowances.....	8,247	7,465
7	Net Revenue.....	68,271	71,177
	<b>Costs and Expenses:</b>		
8	Cost of Goods and Services.....	39,197	39,958 *
9	Selling, General, and Administrative.....	15,998	18,747 *
10	Provision for Doubtful Accounts.....	(154)	595
11	Total Costs and Expenses.....	55,041	59,300
12	<b>Gross Operating Profit.....</b>	<b>13,230</b>	<b>11,877</b>
13	Depreciation and Amortization.....	1,867	4,010
	Charges From Affiliates Other than Interest:		
14	Management Fees.....	-	2,471
15	Other.....	-	93
16	<b>Income (Loss) from Operations.....</b>	<b>11,363</b>	<b>5,303</b>
	<b>Other Income (Expenses):</b>		
17	Interest (Expense) - Affiliates.....	(2,188)	(4,519)
18	Interest (Expense) - External.....	(7)	(1,564)
19	Investment Alternative Tax and Related Expense, Net of Amortization of \$5 and \$4 respectively.....	(277)	(278)
20	Nonoperating Income (Expense) - Net.....	159	(438)
21	Total Other Income (Expenses).....	(2,313)	(6,799)
22	<b>Income (Loss) Before Income Taxes and Extraordinary Items.....</b>	<b>9,050</b>	<b>(1,496)</b>
23	Provision (Credit) for Income Taxes.....	3,606	-
24	<b>Income (Loss) Before Extraordinary Items.....</b>	<b>5,444</b>	<b>(1,496)</b>
25	Extraordinary Items.....	-	-
26	<b>Net Income (Loss).....</b>	<b>\$ 5,444</b>	<b>\$ (1,496)</b>

\*Lines have been restated to conform with current year presentation

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

CCC-215

TRADING NAME OF LICENSEE: RESORTS ATLANTIC CITY

## STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2000  
AND THE NINE MONTHS ENDED SEPTEMBER 30, 2001

(UNAUDITED)  
(\$ IN THOUSANDS)

Line (a)	Description (b)	Common Stock		Preferred Stock		Additional Paid-In Capital (g)	(h)	Retained Earnings (Accumulated) (Deficit) (i)	Total Stockholders' Equity (Deficit) (j)
		Shares (c)	Amount (d)	Shares (e)	Amount (f)				
1	Balance, December 31, 1999.....	1,000,000	\$ 1,000		\$	\$ 123,660		\$ (44,759)	\$ 79,901
2	Net Income (Loss) - 2000.....							(22,406)	(22,406)
3	Contribution to Paid-in-Capital.....								
4	Dividends.....								
5	Prior Period Adjustments.....								
6	.....								-
7	.....								
8	.....								
9	.....								
10	Balance, December 31, 2000.....	1,000,000	1,000			123,660		(67,165)	57,495
11	Net Income (Loss) - 2001.....							2,689	2,689
12	Contribution to Paid-in -Capital.....								-
13	Dividends.....								-
14	Prior Period Adjustments.....								-
15	Adjustment Due to Purchase Of Company .....					(82,160)		72,057	(10,103)
16	.....								-
17	.....								-
18	.....								-
19	Balance, September 30, 2001.....	1,000,000	\$ 1,000		\$	\$ 41,500	\$	\$ 7,581	\$ 50,081

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

# STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2000  
AND THE NINE MONTHS ENDED SEPTEMBER 30, 2001

(UNAUDITED)  
(\$ IN THOUSANDS)

NOT APPLICABLE

Line (a)	Description (b)	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	(e)	Total Equity (Deficit) (f)
1	Balance, December 31, 1999.....	\$	\$	\$	\$
2	Net Income (Loss) - 2000.....				
3	Capital Contributions.....				
4	Capital Withdrawals.....				
5	Partnership Distributions.....				
6	Prior Period Adjustments.....				
7	.....				
8	.....				
9	.....				
10	Balance, December 31, 2000.....				
11	Net Income (Loss) - 2001.....				
12	Capital Contributions.....				
13	Capital Withdrawals.....				
14	Partnership Distributions.....				
15	Prior Period Adjustments.....				
16	.....				
17	.....				
18	.....				
19	Balance, September 30, 2001.....	\$	\$	\$	\$

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

# STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2001 AND 2000

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2001 (c)	2000 (d)
1	Net Cash Provided (Used) by Operating Activities.....	\$ 21,227	\$ (8,983)
	<b>Cash Flows From Investing Activities:</b>		
2	Purchase of Short-Term Investment Securities.....	-	-
3	Proceeds from the Sale of Short-Term Investment Securities.....	-	-
4	Cash Outflows for Property and Equipment.....	(9,974)	(8,277)
5	Proceeds from Disposition of Property and Equipment.....	-	221
6	Purchase of Casino Reinvestment Obligations.....	(2,102)	(2,071)
7	Purchase of Other Investments and Loans/Advances made.....	-	-
	Proceeds from Disposal of Investments and Collection		
8	of Advances and Long-Term receivables.....	-	-
9	Cash Outflows to Acquire Business Entities.....	-	-
10	.....	-	-
11	.....	-	-
12	Net Cash Provided (Used) By Investing Activities.....	(12,076)	(10,127)
	<b>Cash Flows From Financing Activities:</b>		
13	Cash Proceeds from Issuance of Short-Term Debt.....	-	-
14	Payments to Settle Short-Term Debt.....	(6,521)	(1,545)
15	Cash Proceeds from Issuance of Long-Term Debt.....	3,084	6,000
16	Costs of Issuing Debt.....	(7,133)	-
17	Payments to Settle Long-Term Debt.....	(2,700)	-
18	Cash Proceeds from Issuing Stock or Capital Contributions.....	42,500	-
19	Purchases of Treasury Stock.....	-	-
20	Payments of Dividends or Capital Withdrawals.....	-	-
21	Payments for Recapitalization Costs.....	(142,000)	-
22	Advances from (Repayment to) Parent Company and Affiliates.....	101,500	20,842
23	Net Cash Provided (Used) By Financing Activities.....	(11,270)	25,297
24	Net Increase (Decrease) in Cash and Cash Equivalents.....	(2,119)	6,187
25	Cash and Cash Equivalents at Beginning of Period.....	21,453	14,541
26	Cash and Cash Equivalents at End of Period.....	\$ 19,334	\$ 20,728

	<b>Cash Paid During Period For:</b>		
27	Interest (Net of Amount Capitalized).....	\$ 7,920	\$ 22,930
28	Income Taxes.....	\$ 1,200	\$ -

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

# STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2001 AND 2000

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2001 (c)	2000 (d)
	<b>Net Cash Flows From Operating Activities:</b>		
29	Net Income .....	\$ 2,689	\$ (16,241)
	Noncash Items Included in Income and Cash Items		
	Excluded from Income:		
30	Depreciation and Amortization of Property and Equipment.....	6,777	10,425
31	Amortization of Other Assets.....	1,546	2,373
32	Amortization of Debt Discount or Premium.....	25	56
33	Deferred Income Taxes - Current.....	-	-
34	Deferred Income Taxes - Noncurrent.....	-	-
35	(Gain) Loss on Disposition of Property and Equipment.....	-	716
36	(Gain) on Casino Reinvestment Obligation .....	736	738
37	(Gain) from Other Investment Activities .....		
	Net (Increase) Decrease in Receivables and Patrons'.....		
38	Checks .....	(428)	(3,267)
39	Net (Increase) Decrease in Inventories.....	(124)	426
40	Net Decrease (Increase) in Other Current Assets.....	(2,193)	(597)
41	Net Decrease (Increase) in Other Assets.....	(266)	(190)
42	Net Increase (Decrease) in Accounts Payable.....	1,425	(1,121)
	Net (Decrease) Increase in Other Current Liabilities		
43	Excluding Debt.....	10,985	(2,301)
	Net Decrease in Other Noncurrent Liabilities		
44	Excluding Debt.....	55	-
45	Recapitalization Costs.....	-	-
46	Write-Off of Goodwill.....		
47	<b>Net Cash Provided (Used) By Operating Activities.....</b>	<b>\$ 21,227</b>	<b>\$ (8,983)</b>

## SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	<b>Acquisition of Property and Equipment:</b>		
48	Additions to Property and Equipment.....	\$ (10,273)	\$ (9,694)
49	Less: Capital Lease Obligations incurred.....	(299)	(1,417)
50	<b>Cash Outflows for Property and Equipment.....</b>	<b>\$ (9,974)</b>	<b>\$ (8,277)</b>
	<b>Acquisition of Business Entities:</b>		
51	Property and Equipment Acquired.....	\$	\$
52	Goodwill Acquired.....		
	Net Assets Acquired Other than Cash, Goodwill, and		
53	Property and Equipment.....		
54	Long-Term Debt Assumed.....		
55	Issuance of Stock or Capital Invested.....		
56	<b>Cash Outflows to Acquire Business Entities.....</b>	<b>\$ -</b>	<b>\$ -</b>
	<b>Stock Issued or Capital Contributions:</b>		
57	Total Issuances of Stock or Capital Contributions.....	\$ 42,500	\$
58	Less: Issuances to Settle Long-Term Debt.....		
59	Consideration in Acquisition of Business Entities.....		
60	<b>Cash Proceeds from Issuing Stock or Capital Contributions.....</b>	<b>\$ 42,500</b>	<b>\$ -</b>



**RESORTS INTERNATIONAL HOTEL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – MERGER AND BASIS OF ACCOUNTING**

Basis of Presentation - Colony RIH Holdings, Inc., a Delaware Corporation ("CRH") owns 100% of the outstanding common stock of Colony RIH Acquisitions, Inc. ("CRA"). CRA, through its wholly owned subsidiary Resorts International Hotel, Inc., a New Jersey Corporation ("RIH"), owns and operates Resorts Atlantic City, a casino/hotel located in Atlantic City, NJ.

CRA, Sun International North America, Inc., a Delaware corporation ("SINA"), and GGRI, Inc., a Delaware corporation ("GGRI"), entered into a purchase agreement, dated as of October 30, 2000, as amended (the "Purchase Agreement"). Pursuant to the Purchase Agreement, CRA acquired all of the capital stock, the Warehouse Assets (as defined in the Purchase Agreement) and all of the capital stock of New Pier Operating Company, Inc., a New Jersey corporation (collectively, the "Acquisition") on April 25, 2001.

The Acquisition has been accounted for using the purchase method, and accordingly, the aggregate purchase price, including transaction fees and expenses, has been allocated based on the preliminary estimated fair value of the assets acquired and liabilities assumed. As a result, the condensed consolidated financial statements for the period subsequent to the Acquisition are presented on a different basis of accounting than those for the periods prior to the Acquisition and, therefore, are not directly comparable.

In the first quarter of 2001, the Emerging Issues Task Force ("EITF") reached a consensus on certain issues in EITF 00-22, "Accounting for 'Points' and Certain Other Time-Based Sales Incentive Offers, and Offers for Free Products or Services to be Delivered in the Future." EITF 00-22 requires that volume based cash rebates or refunds be shown as a reduction of revenues effective for quarters ending after February 15, 2001. RIH adopted the consensus provisions of EITF 00-22 in the first quarter of 2001. To be consistent with the 2001 presentation, cash rebates and refunds, previously shown as casino expenses, were reclassified as a reduction of casino revenues in the nine months ended September 30, 2000. This did not have any effect on previously reported operating income or net income.

Certain reclassifications have been made to RIH's historical information for the three and nine months ended September 30, 2000 to conform to the current year presentation.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Accounting Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Revenue Recognition**

RIH records as revenue the win from gaming activities, which represents the difference between amounts, wagered and amounts won by patrons, reduced by cash rebates and refunds. Revenues from hotel and related services and from theater ticket sales are recognized at the time the related service is performed.

**Cash Equivalents**

RIH considers all of its short-term money market securities purchased with original maturities of three months or less to be cash equivalents. The carrying value of cash equivalents approximates fair value due to the short-term maturity of these instruments.

### Inventories

Inventories of provisions, supplies and spare parts are carried at the lower of cost (first in, first out) or market.

### Property and Equipment

For the periods presented herein, property and equipment have been depreciated over their estimated useful lives reported below using the straight-line method for financial reporting purposes.

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Land improvements	14 years
Building and building improvements	40 years
Furniture, fixtures and equipment	2 - 5 years

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### Casino Reinvestment Development Authority ("CRDA") Obligations

Under the New Jersey Casino Control Act ("Casino Control Act"), RIH is obligated to purchase CRDA bonds, which will bear a below-market interest rate, or make an alternative qualifying investment. RIH charges to expense an estimated discount related to CRDA investment obligations as of the date the obligation arises based on fair market interest rates of similar quality bonds in existence as of that date. On the date RIH actually purchases the CRDA bond, the estimated discount previously recorded is adjusted to reflect the actual terms of the bonds issued and the then existing fair market interest rate for similar quality bonds.

The discount on CRDA bonds purchased is amortized to interest income over the life of the bonds using the effective interest rate method.

### **NOTE 3 - RECEIVABLES**

Components of receivables at September 30 were as follows:

(In Thousands of Dollars)	2001	2000
Gaming	\$ 9,094	\$ 10,199
Less Allowance for doubtful accounts	(4,091)	(2,896)
	<u>5,003</u>	<u>7,303</u>
Non-Gaming		
Hotel and related	324	458
Other	2,434	2,032
	<u>2,758</u>	<u>2,490</u>
Less Allowance for doubtful accounts	(105)	(6)
	<u>2,653</u>	<u>2,484</u>
	<u>\$ 7,656</u>	<u>\$ 9,787</u>

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**NOTE 4 - PREPAID EXPENSES AND OTHER CURRENT ASSETS**

Components of prepaid and other current assets at September 30 were as follows:

(In Thousands of Dollars)	2001	2000
Insurance	\$ 1,781	\$ 693
Slot license fees	1,012	876
Other	1,335	1,045
	<u>\$ 4,128</u>	<u>\$ 2,614</u>

**NOTE 5 - INVESTMENTS, ADVANCES AND RECEIVABLES**

Components of investments, advances and receivables at September 30 were as follows:

(In Thousands of Dollars)	2001	2000
CRDA bonds	\$ 10,217	\$ 9,848
CRDA deposits	21,392	19,125
Valuation allowance - CRDA bonds and deposits	(11,517)	(10,718)
	<u>\$ 20,092</u>	<u>\$ 18,255</u>

The Casino Control Act, as amended, requires a licensee to purchase bonds issued by the CRDA or make other investments authorized by the CRDA, in an amount equal to 1.25% of a licensee's gross gaming revenue, as defined.

The CRDA bonds have interest rates ranging from 3.5% to 7.0% and have repayment terms of between 20 and 50 years. RIH records charges to expense the below-market interest rate payable on the bonds it may have to purchase. The charges in 2001 and 2000 for discounts on obligations arising in those years were \$752,000 and \$751,000 respectively.

From time to time RIH has donated certain funds it has had on deposit with the CRDA in return for either relief from its obligation to purchase CRDA bonds or credits against future CRDA deposits.

**NOTE 6 - PROPERTY AND EQUIPMENT**

Components of property and equipment at September 30 were as follows:

(In Thousands of Dollars)	2001	2000
Land and land rights	\$ 36,886	\$ 83,147
Land improvements	15	1,025
Hotels and other buildings	71,608	167,536
Furniture, fixtures and equipment	11,697	40,457
Construction in progress	2,307	1,866
Property and equipment - gross	122,513	294,031
Accumulated depreciation and amortization	(2,701)	(37,552)
Property and equipment - net	\$ 119,812	\$ 256,479

**NOTE 7 - OTHER ASSETS**

Components of other assets at September 30 were as follows:

(In Thousands of Dollars)	2001	2000
Goodwill	\$ -	\$ 95,751
Debt issuance costs	6,726	4,816
Other	618	343
	\$ 7,344	\$ 100,910

**NOTE 8 - OTHER ACCRUED EXPENSES**

Components of other accrued expenses at September 30 were as follows:

(In Thousands of Dollars)	2001	2000
Payroll	\$ 9,446	\$ 8,334
Gaming taxes and fees	3,155	2,388
Insurance	1,794	1,240
Other	5,439	4,875
	\$ 19,834	\$ 16,837

**NOTE 9 - OTHER CURRENT LIABILITIES**

Components of other current liabilities at September 30 were as follows:

(In Thousands of Dollars)	2001	2000
Interest payable	\$ 1,364	\$ 821
CRDA bond obligation	856	856
Due to affiliates	-	7,893
Other	1,848	2,577
	<u>\$ 4,068</u>	<u>\$ 12,147</u>

**NOTE 10 - NOTES PAYABLE TO AFFILIATE**

The components of notes payable to affiliate at September 30 were as follows:

(In Thousands of Dollars)	2001	2000
Term Loan A, due 2005	\$ 21,667	\$ -
Term Loan B, due 2007	54,800	-
Revolving Credit, due 2006	-	-
12.5% Seller Note, due 2008	17,500	-
9% Senior Notes, due 2007	-	200,000
Unamortized discount	-	(683)
	<u>93,967</u>	<u>199,317</u>
Less: Current Portion	<u>(5,817)</u>	<u>-</u>
	<u>\$ 88,150</u>	<u>\$ 199,317</u>

Notes Payable to Affiliate - In conjunction with the Acquisition, CRA borrowed \$82 million under an Amended and Restated Credit Agreement, dated April 25, 2001, from the lenders named therein (the "Credit Facility"). The Credit Facility is comprised of \$80 million in term loans (Term Loan A for \$25 million and Term Loan B for \$55 million) and a \$10 million revolving credit facility. The loans under the Credit Facility are secured by substantially all of CRH's, CRA's and, directly or indirectly, RIH's assets, including a pledge of all of the capital stock of CRA and RIH, mortgages on all material real property owned or leased by CRA or RIH and the accounts receivable, inventory, equipment and intangibles of CRA or RIH. The revolving credit facility will mature on April 25, 2006, Term Loan A will mature on the last business day of December 2005, and Term Loan B will mature on the last business day of March 2007. The principal payments of the term loans are paid on a quarterly basis, commencing June 29, 2001. Interest on borrowings outstanding shall be either at LIBOR or an alternative base rate, in each case plus an applicable margin. In the future the applicable margins may be changed, based on CRA's leverage ratio as defined in the credit agreement.

Seller Note - In conjunction with the acquisition, CRH issued a \$17.5 million note to SINA (the "Seller Note"). The Seller Note is subordinated to the term loans under the Credit Facility and has a 7-year term. This loan bears interest at 12.5% per annum of which 6.25% is payable in cash and 6.25% is paid in kind. There is no amortization of principal on this loan. Principal is due in full on April 25, 2008.

The Credit Facility contains a number of covenants, that among other things, restricts the ability of CRH, CRA, and their subsidiaries, to incur additional indebtedness, create liens on assets, dispose of assets, make investments, loans, or advances, engage in mergers or consolidations, pay dividends, engage in certain transactions with affiliates, change their respective line of business and otherwise

restrict certain corporate activities. In addition, under the Credit Facility, CRA, and its subsidiaries, are required to maintain specified financial ratios, satisfy specified financial tests, including interest coverage and leverage tests, and are limited on capital expenditures. The Credit Facility contains events of default customary for facilities of this nature.

#### **NOTE 11 - RELATED PARTY TRANSACTIONS**

RIH recorded the following income and expenses from affiliates:

(In Thousands of Dollars)	2001	2000
Interest and amortization of discounts on notes payable to Colony RIH Acquisitions, Inc. (net of capitalized interest)	\$ 3,903	\$ -
Interest and amortization of discounts on notes payable to SINA (net of capitalized interest)	5,726	13,556
Interest expense - affiliates	9,629	13,556
Management fees	-	6,573
	-	6,573
Amortization of debt issuance costs	710	393
Property rentals to SINA	-	244
Other charges from affiliates	-	37
	-	281
Total related party transactions	\$ 10,339	\$ 20,803

SINA charged RIH the parent services fee of three percent of gross revenues for administrative and other services. As of October 2000, this charge was discontinued in accordance with the Purchase Agreement.

#### **NOTE 12 - NON-OPERATING INCOME, NET**

Non-operating income, for the nine months ended September 30, consisted of interest income of \$925,000 and \$1,134,000 for the year 2001 and 2000, and other non-operating expenses of \$157,000 and \$716,000 for the year 2001 and 2000, respectively.

#### **NOTE 13 - COMMITMENTS AND CONTINGENCIES**

RIH is a defendant in certain litigation. In the opinion of management, based upon advice of counsel, the aggregate liability, if any, arising from such litigation will not have a material adverse effect on the accompanying financial statements.

TRADING NAME OF LICENSEE: RESORTS ATLANTIC CITY

## SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

(\$ IN THOUSANDS)

Amended

5/1/02

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2001

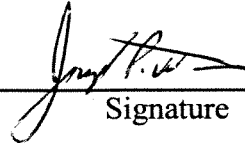
Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (in thousands) (d)	Number of Recipients (e)	Dollar Amount (in thousands) (f)
1	Rooms	109,801	\$ 8,085	238	\$ 28
2	Food	691,157	9,759	493	20
3	Beverage	339,118	1,926	55	9
4	Travel			37,068	2,540
5	Bus Program Cash			543,475	9,260
6	Other Cash Complimentaries			367,378	16,387
7	Entertainment	25,758	1,223	1,135	184
8	Retail & Non-Cash Gifts			2,383	314
9	Parking				
10	Other	1,601	100	64,540	1,035
11	Total	1,167,435	\$ 21,093	1,016,765	\$ 29,777

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2001

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	39,953	\$ 3,195	84	\$ 10
2	Food	272,473	3,843	135	5
3	Beverage	117,158	705		-
4	Travel			14,147	821
5	Bus Program Cash			174,061	2,611
6	Other Cash Complimentaries			136,286	7,382
7	Entertainment	8,836	462	290	43
8	Retail & Non-Cash Gifts			452	63
9	Parking				-
10	Other	612	42	16,304	408
11	Total	439,032	8,247	341,759	\$ 11,343

## STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

1. I have examined this Quarterly Report.
2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during this year.



Signature

Vice President - Financial Administration  
& Chief Information Officer

Title

4514-11

License Number

On Behalf Of:

RESORTS ATLANTIC CITY

Casino Licensee